

**Senate File 25 - Introduced**

SENATE FILE 25

BY TAYLOR

**A BILL FOR**

1 An Act authorizing a city or county to provide a property tax  
2 exemption for value added by improvements to residential  
3 property that is a public nuisance.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 364.19, Code 2015, is amended to read as  
2 follows:

3 **364.19 Contracts to provide services to tax-exempt property.**

4 A city council or county board of supervisors may enter into  
5 a contract with a person whose property is totally or partially  
6 exempt from taxation under chapter 404, chapter 404B, section  
7 427.1, ~~or~~ section 427B.1, or section 427B.10, for the city or  
8 county to provide specified services to that person including  
9 but not limited to police protection, fire protection,  
10 street maintenance, and waste collection. The contract shall  
11 terminate as of the date previously exempt property becomes  
12 subject to taxation.

13 **Sec. 2. NEW SECTION. 427B.10 Residential nuisance property**  
14 **— value added exemption from tax.**

15 1. A city council or a county board of supervisors may  
16 provide by ordinance for an exemption from property taxation  
17 of the actual value added by improvements made to residential  
18 property if the property is deemed to be a public nuisance  
19 prior to the improvements. A city council may provide for an  
20 exemption to such property located within the boundaries of  
21 the city and the county board of supervisors may provide for  
22 an exemption to such property located outside the boundaries  
23 of a city.

24 2. All property described in subsection 1 for which an  
25 exemption has been approved by ordinance is eligible to receive  
26 a one hundred percent exemption from taxation on the actual  
27 value added by the improvements. The exemption is for a  
28 period of ten years beginning not later than the first year  
29 in which all improvements described in the application are  
30 first assessed for taxation. A property tax exemption under  
31 this section shall not be granted if the property for which  
32 the exemption is claimed has received any other property tax  
33 exemption authorized by law for the actual value added to the  
34 property.

35 3. The ordinance approving the exemption from tax shall

1 designate the length of time the exemption shall be available  
2 and may provide for an exemption schedule in lieu of that  
3 provided in subsection 2. However, an alternative exemption  
4 schedule specified in the resolution shall not exceed a period  
5 of ten years.

6 4. a. An application shall be filed for each new exemption  
7 claimed. The first application for an exemption shall be filed  
8 by the owner of the property with the governing body of the  
9 city or county in which the property is located by February  
10 1 of the assessment year for which the exemption is first  
11 claimed, but not later than the year in which all improvements  
12 included in the application are first assessed for taxation.

13 b. The application shall, at a minimum, contain the nature  
14 of the improvements, the cost of the improvements, and the  
15 estimated or actual date of completion of the improvements.

16 c. An owner may submit an application for an exemption  
17 under this section to the governing body of the city or  
18 county to receive prior approval for eligibility for a tax  
19 exemption. Such prior approval shall not entitle the owner  
20 to exemption from taxation until the improvements have been  
21 completed, a physical review of the property has been conducted  
22 by the assessor pursuant to subsection 5, and the assessor has  
23 determined that the actual value of the property has increased  
24 as a result of the improvements.

25 d. If an application for an exemption is not approved, the  
26 owner may submit an amended application for the governing body  
27 to approve or reject.

28 5. The local assessor shall review each first-year  
29 application by making a physical review of the property to  
30 determine if the improvements made increased the actual value  
31 of the approved property. If the assessor determines that  
32 the actual value of that property has increased, the assessor  
33 shall proceed to determine the actual value of the property  
34 and certify the valuation to the county auditor at the time  
35 of transmitting the assessment rolls. If an application for

1 exemption is denied as a result of failure to increase the  
2 value of the property, the owner may, notwithstanding the  
3 filing deadlines in subsection 4, file a first application in a  
4 subsequent year when additional improvements are made. After  
5 the tax exemption is granted, the local assessor shall continue  
6 to grant the tax exemption, with periodic physical review by  
7 the assessor, for the time period specified in subsection 2, or  
8 specified in the different schedule if one has been adopted in  
9 the resolution of the governing body under which the exemption  
10 was granted.

11 6. When in the opinion of the city council or the county  
12 board of supervisors continuation of the exemption granted by  
13 this section ceases to be of benefit to the city or county, the  
14 city council or the county board of supervisors may repeal the  
15 ordinance, but all existing exemptions shall continue until  
16 their expiration.

17 7. For the purposes of this section, unless the context  
18 otherwise requires:

19 a. "Actual value added" means the actual value added as of  
20 the first year for which the exemption is received.

21 b. "Owner" includes a person who is purchasing property  
22 by installment contract or under a duly executed purchase  
23 contract.

24 c. "Public nuisance" means a building that is a menace to  
25 the public health, welfare, or safety, or that is structurally  
26 unsafe, unsanitary, or not provided with adequate safe egress,  
27 or that constitutes a fire hazard, or is otherwise dangerous to  
28 human life, or that in relation to the existing use constitutes  
29 a hazard to the public health, welfare, or safety by reason  
30 of inadequate maintenance, dilapidation, obsolescence, or  
31 abandonment.

32 Sec. 3. IMPLEMENTATION OF ACT. Section 25B.7 shall not  
33 apply to the property tax exemption established in this Act.

34 EXPLANATION

35 The inclusion of this explanation does not constitute agreement with

1           the explanation's substance by the members of the general assembly.

2       This bill authorizes a city council or a county board of  
3 supervisors to provide by ordinance for an exemption from  
4 property taxation of the actual value added to residential  
5 property by improvements to the property if the property is  
6 deemed to be a public nuisance, as defined in the bill, prior  
7 to the improvements.

8       If approved by the governing body of the city or the board of  
9 supervisors of a county, the property is eligible to receive  
10 a 100 percent exemption from taxation on the actual value  
11 added by the improvements. The exemption is for a period of  
12 10 years beginning not later than the first year in which all  
13 improvements described in the application are first assessed  
14 for taxation. The ordinance allowing the exemption from tax  
15 may provide for an exemption schedule in lieu of the 10-year  
16 exemption provided in the bill. An alternative exemption  
17 schedule may not exceed a period of 10 years.

18       The application for an exemption must be filed by the  
19 owner of the property with the governing body of the city or  
20 county in which the property is located by February 1 of the  
21 assessment year for which the exemption is first claimed, but  
22 not later than the year in which all improvements included in  
23 the application are first assessed for taxation. The bill  
24 authorizes an owner to submit an application for an exemption  
25 to receive prior approval for eligibility for a tax exemption.  
26 Such prior approval does not entitle the owner to exemption  
27 from taxation until the improvements have been completed, a  
28 physical review of the property has been conducted by the  
29 assessor, and the assessor has determined that the actual value  
30 of the property has increased as a result of the improvements.

31       The bill requires the assessor to review each first-year  
32 application by making a physical review of the property, to  
33 determine if the improvements made increased the actual value  
34 of the approved property. If an application for exemption  
35 is denied as a result of failure to increase the value of

1 the property, the owner may file a first application in a  
2 subsequent year when additional improvements are made. After  
3 the tax exemption is granted, the local assessor shall continue  
4 to grant the tax exemption, with periodic physical review by  
5 the assessor, for the time period authorized.

6 Code section 25B.7 does not apply to the property tax  
7 exemption to the bill. Code section 25B.7 provides that for a  
8 property tax credit or exemption enacted on or after January  
9 1, 1997, if a state appropriation made to fund the credit  
10 or exemption is not sufficient to fully fund the credit or  
11 exemption, the political subdivision is required to extend  
12 to the taxpayer only that portion of the credit or exemption  
13 estimated by the department of revenue to be funded by the  
14 state appropriation.